



18th Annual Economic Forecast

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Presented by:

RSM McGladrey

Accounting | Tax | Business Consulting



In association with the Greater Wilmington Chamber of
Commerce and Wilmington Industrial Development, Inc.

National and State Economic Conditions

Rick Kaglic

January 7, 2009



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE



The Outlook

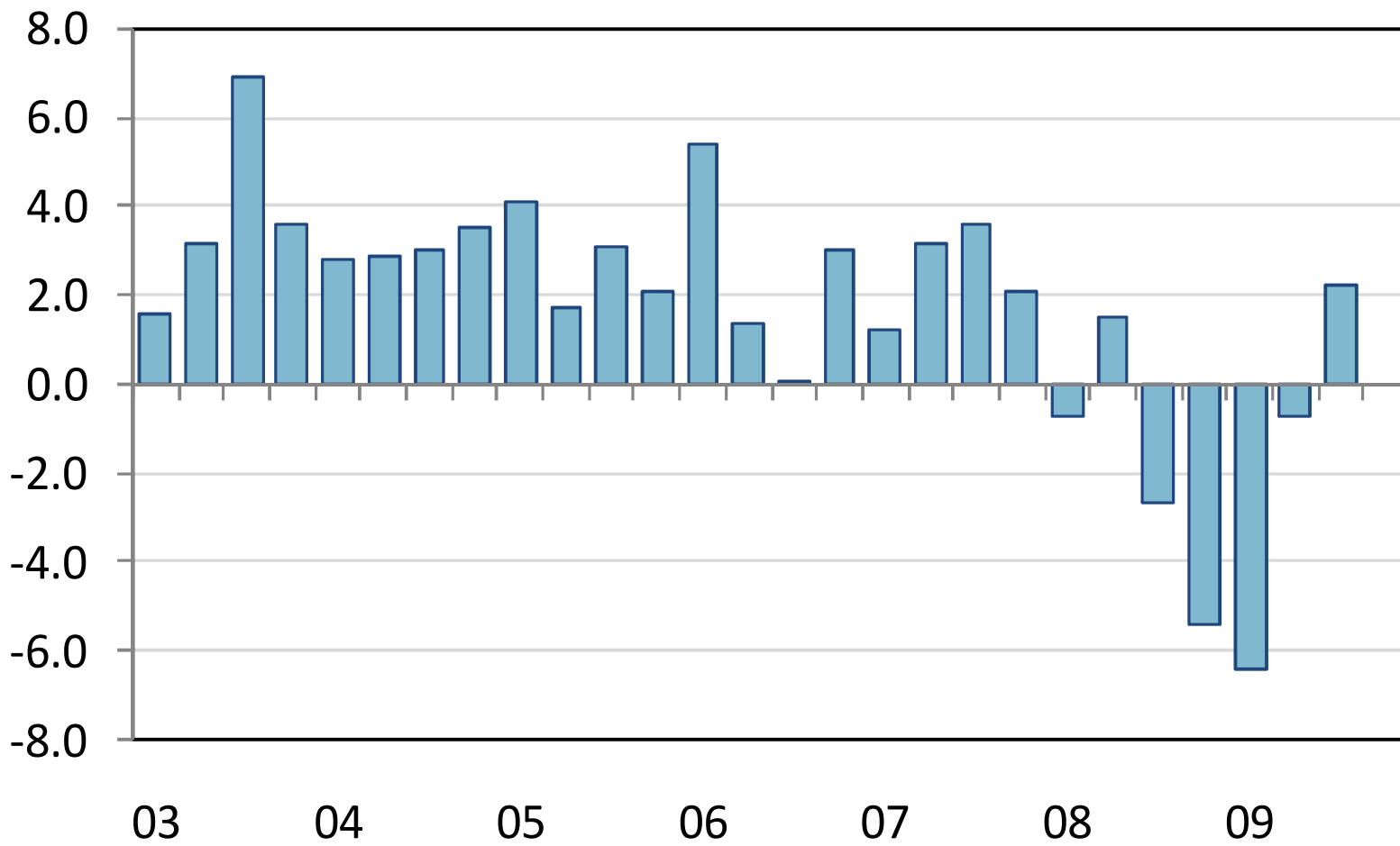
- Recession ended in middle of 2009
 - Financial markets are healing
 - Household spending and investment are firming
 - Exports are picking up
- But...economy is still weak and very fragile
 - Households constrained by elevated unemployment and weak wage growth...
 - ...businesses by slow revenue growth and excess capacity
- Recovery likely to be muted
 - Slow output and employment growth
 - Benign inflationary environment





Real Gross Domestic Product

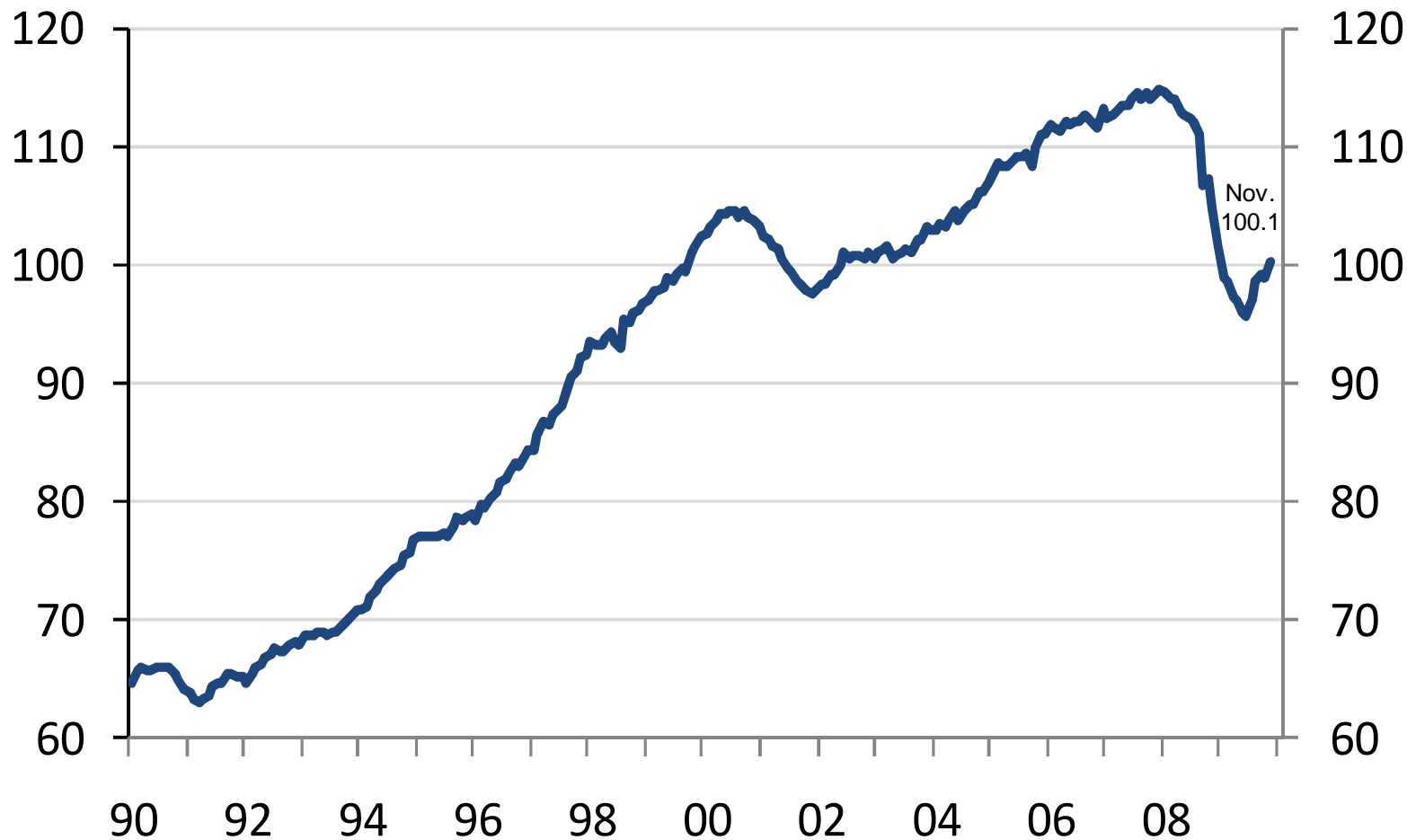
Percent change from previous quarter at annual rate





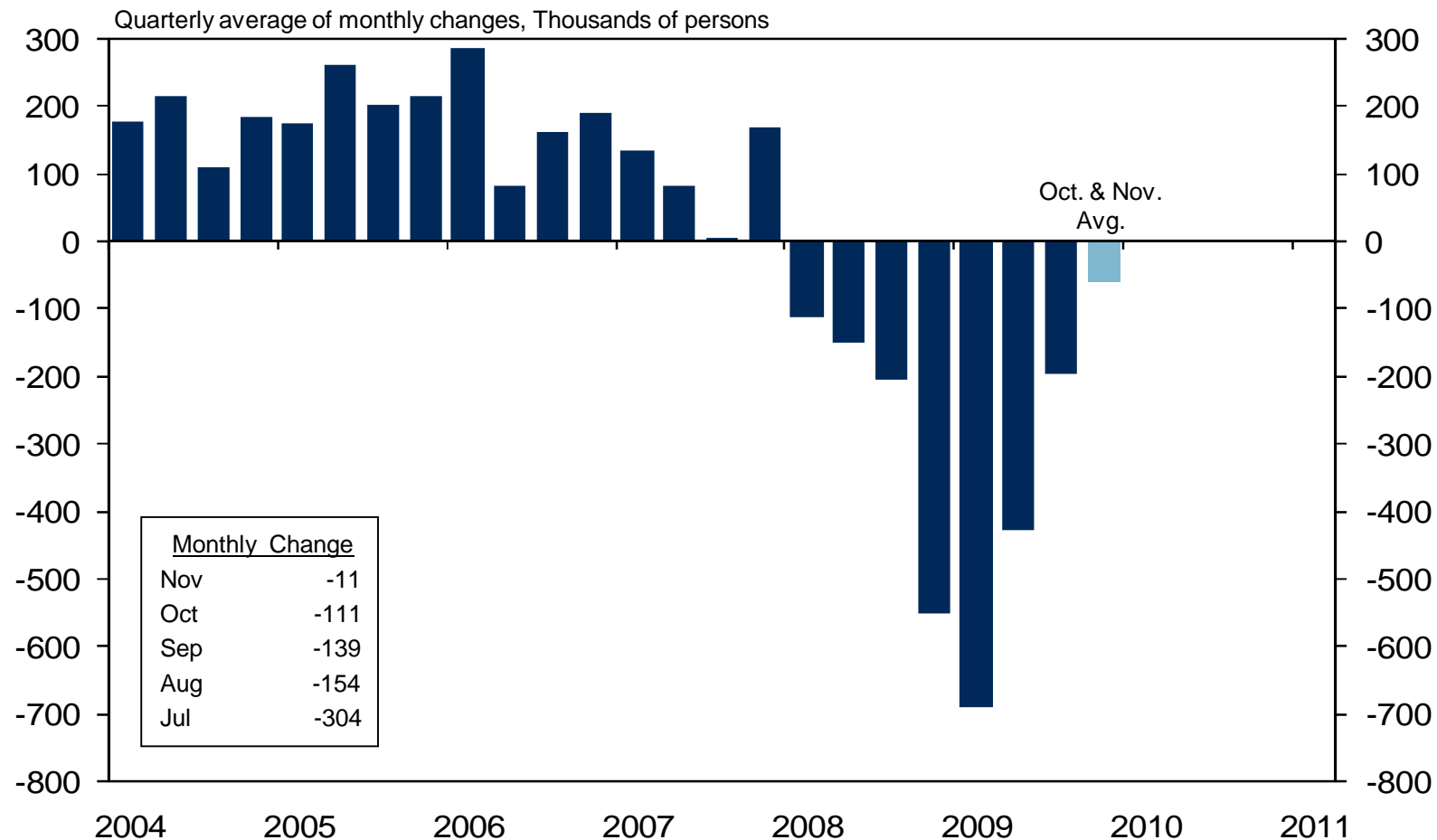
Industrial Production Index: Manufacturing

2002 = 100





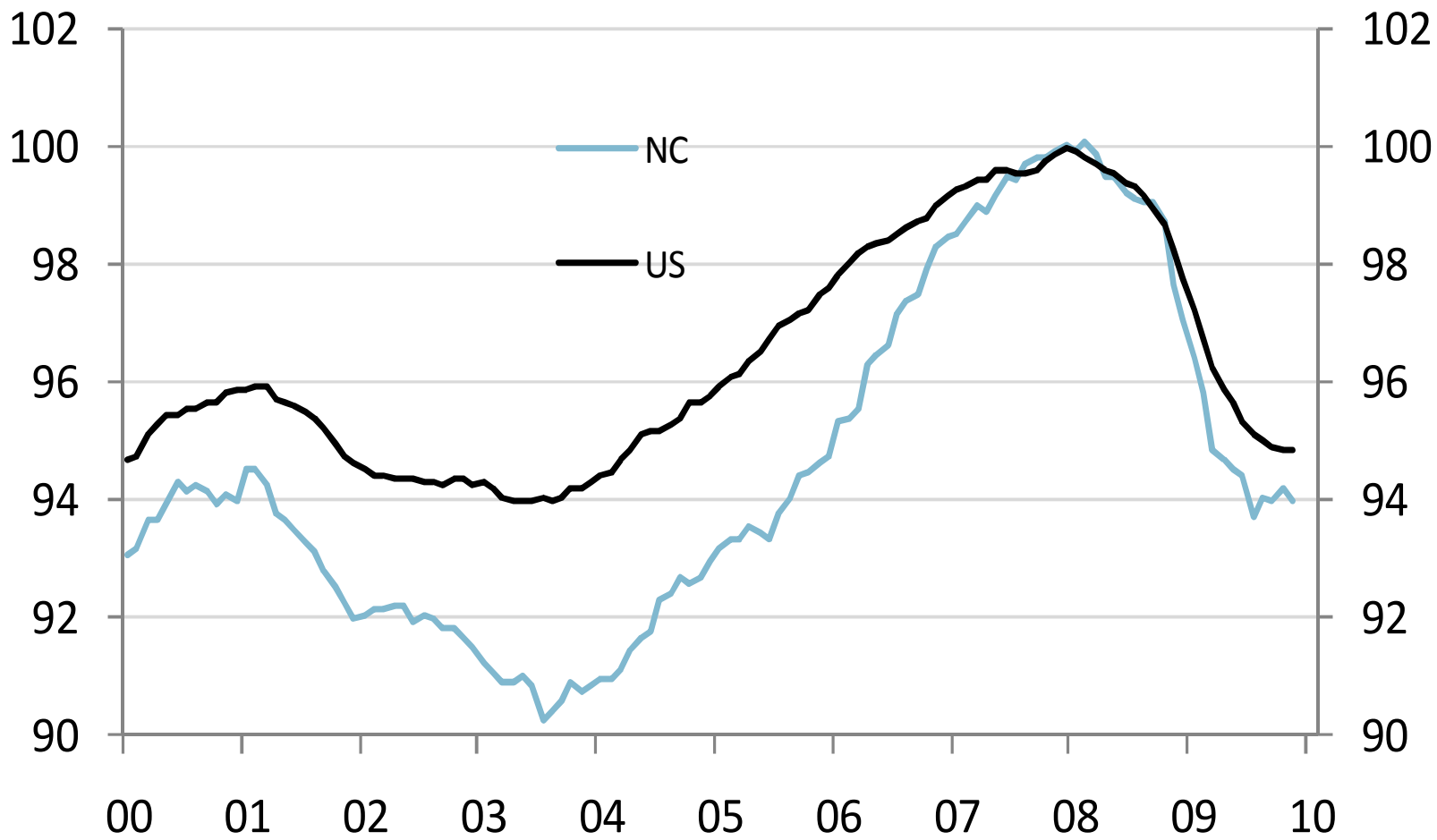
Nonfarm Payroll Employment





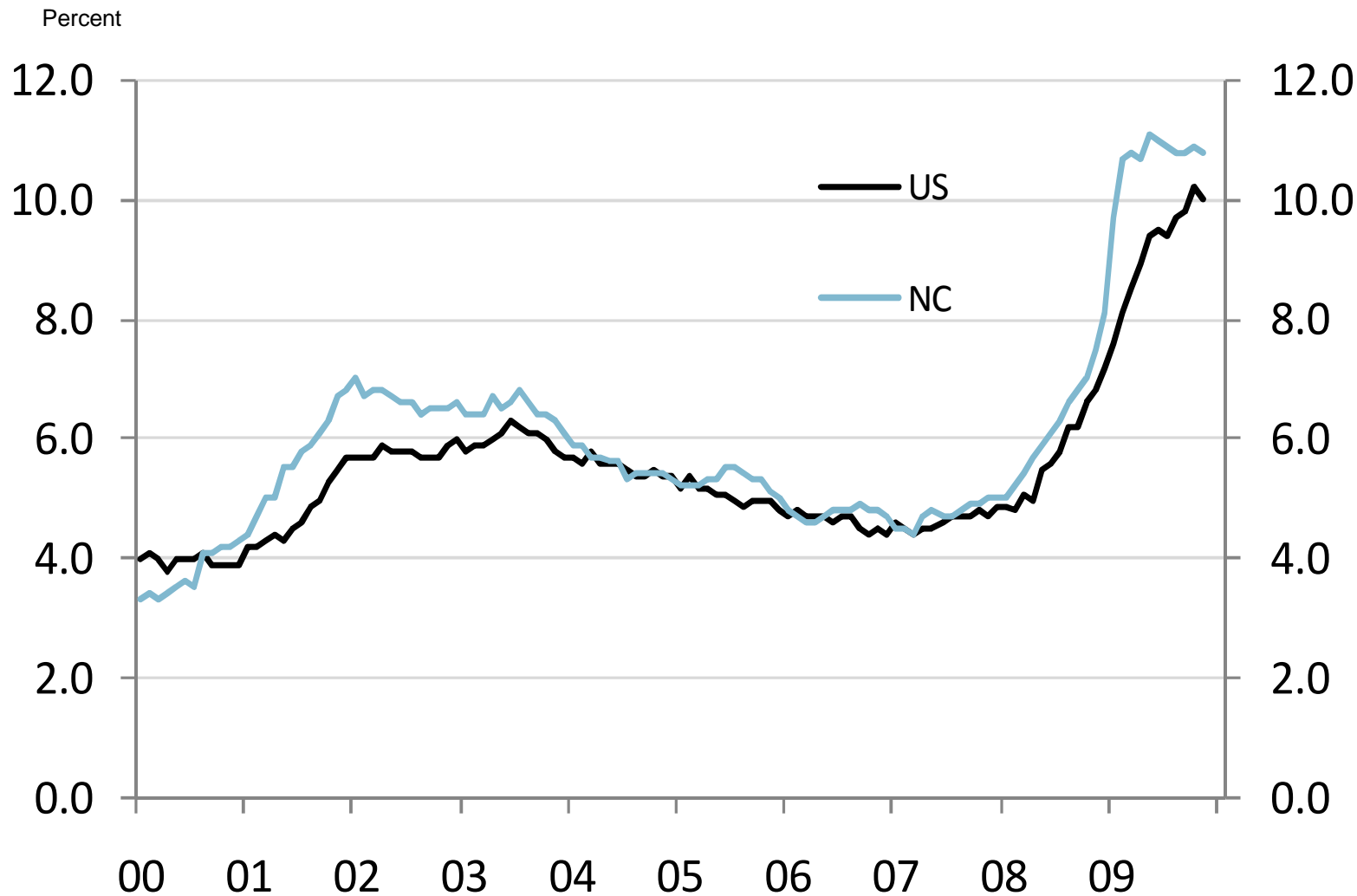
Employment

Index, Dec. 2007 = 100





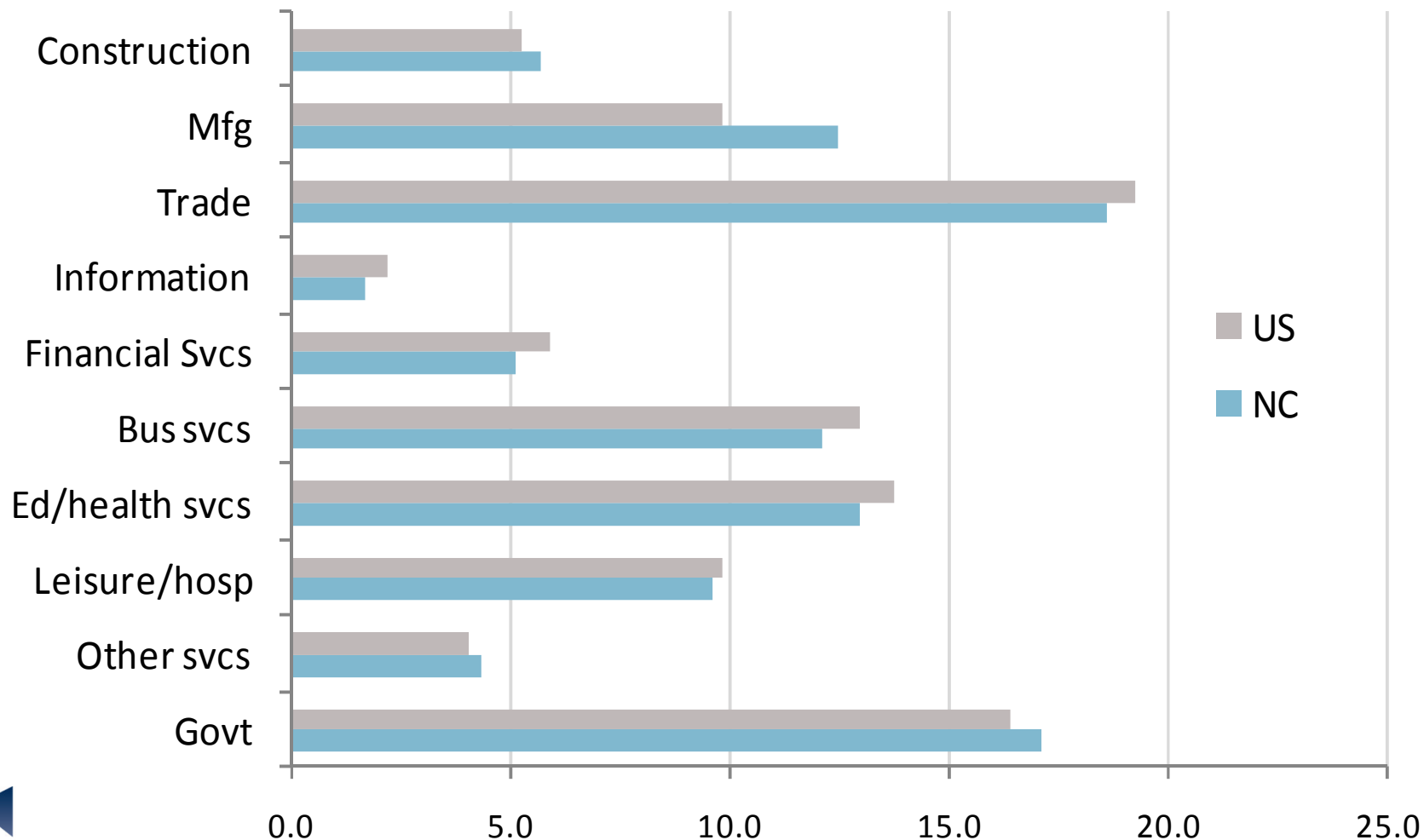
Unemployment





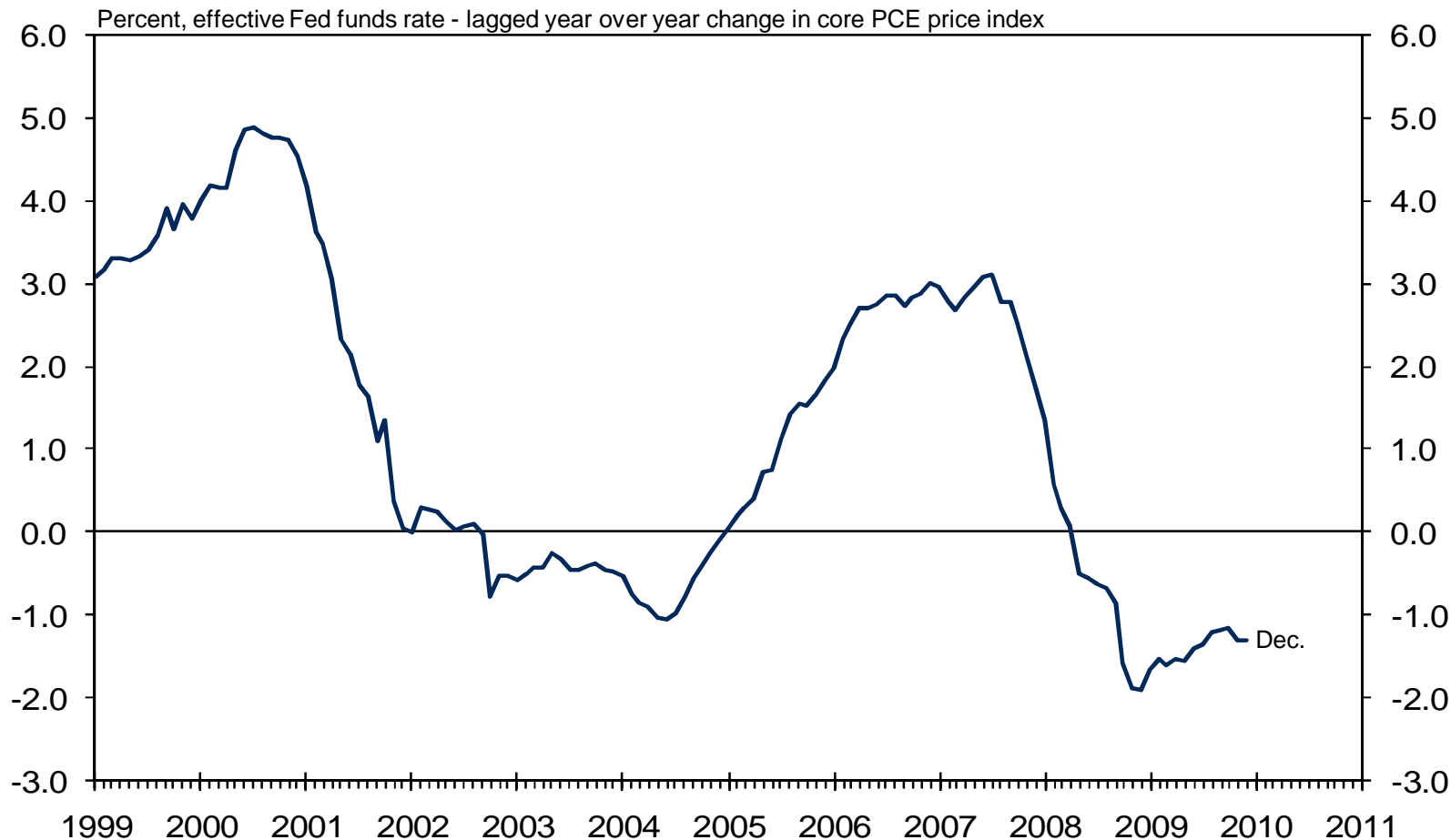
North Carolina Industry Structure

Percent of total nonfarm employment





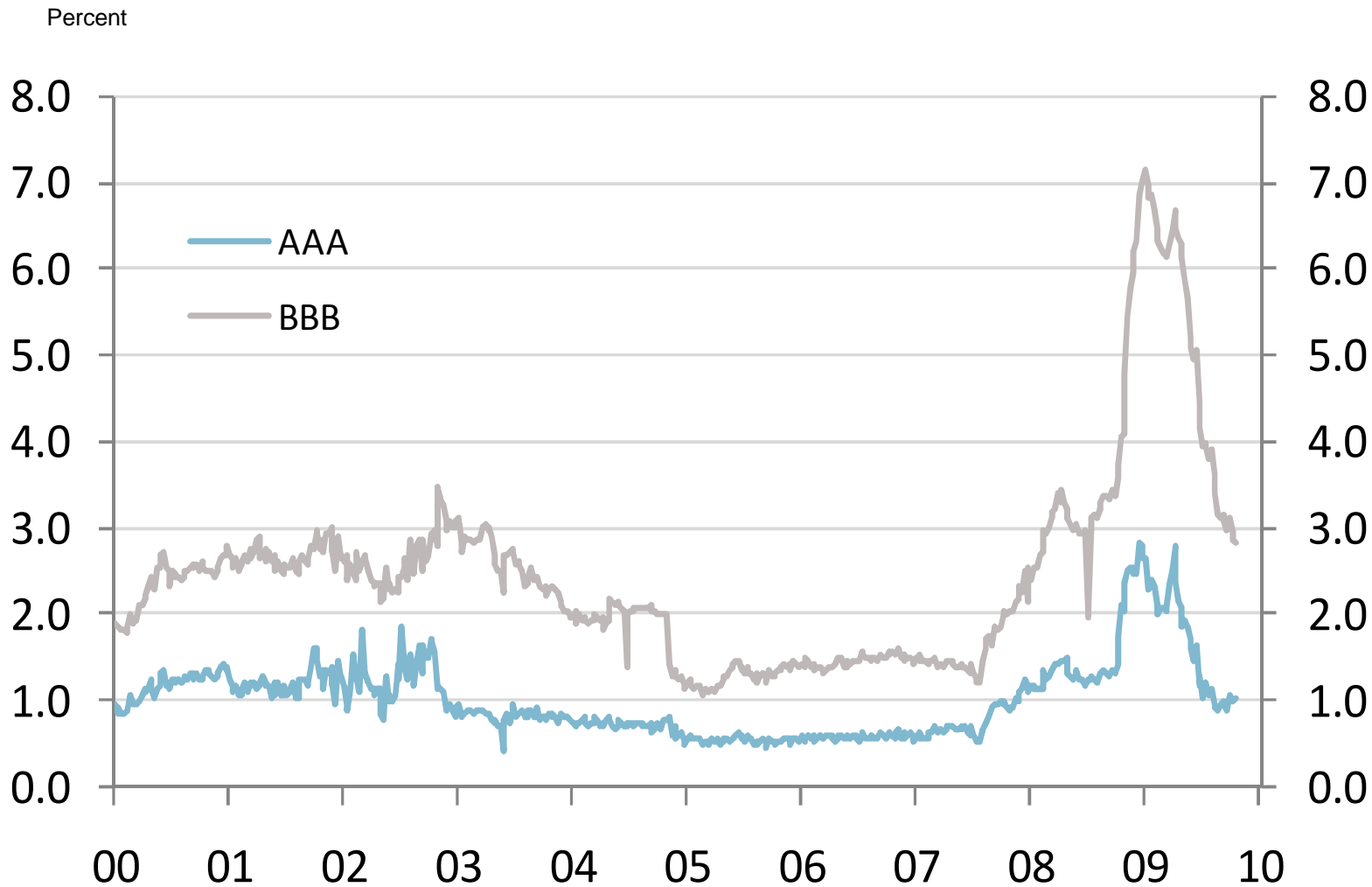
Real Federal Funds Rate



Notes: Most recent observation uses expected Fed funds rate as implied by Fed funds futures contracts.

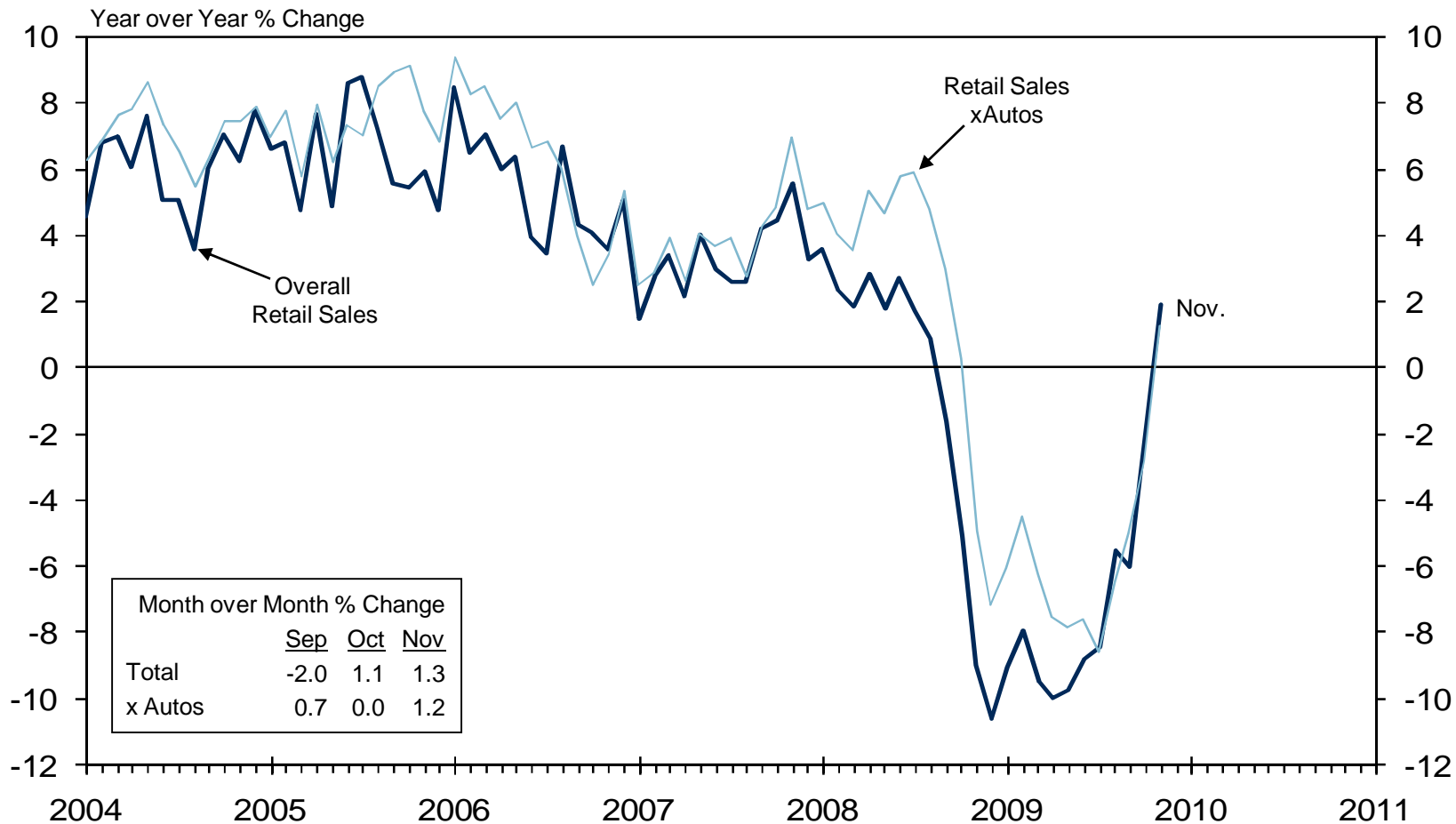


Corporate Risk Premia



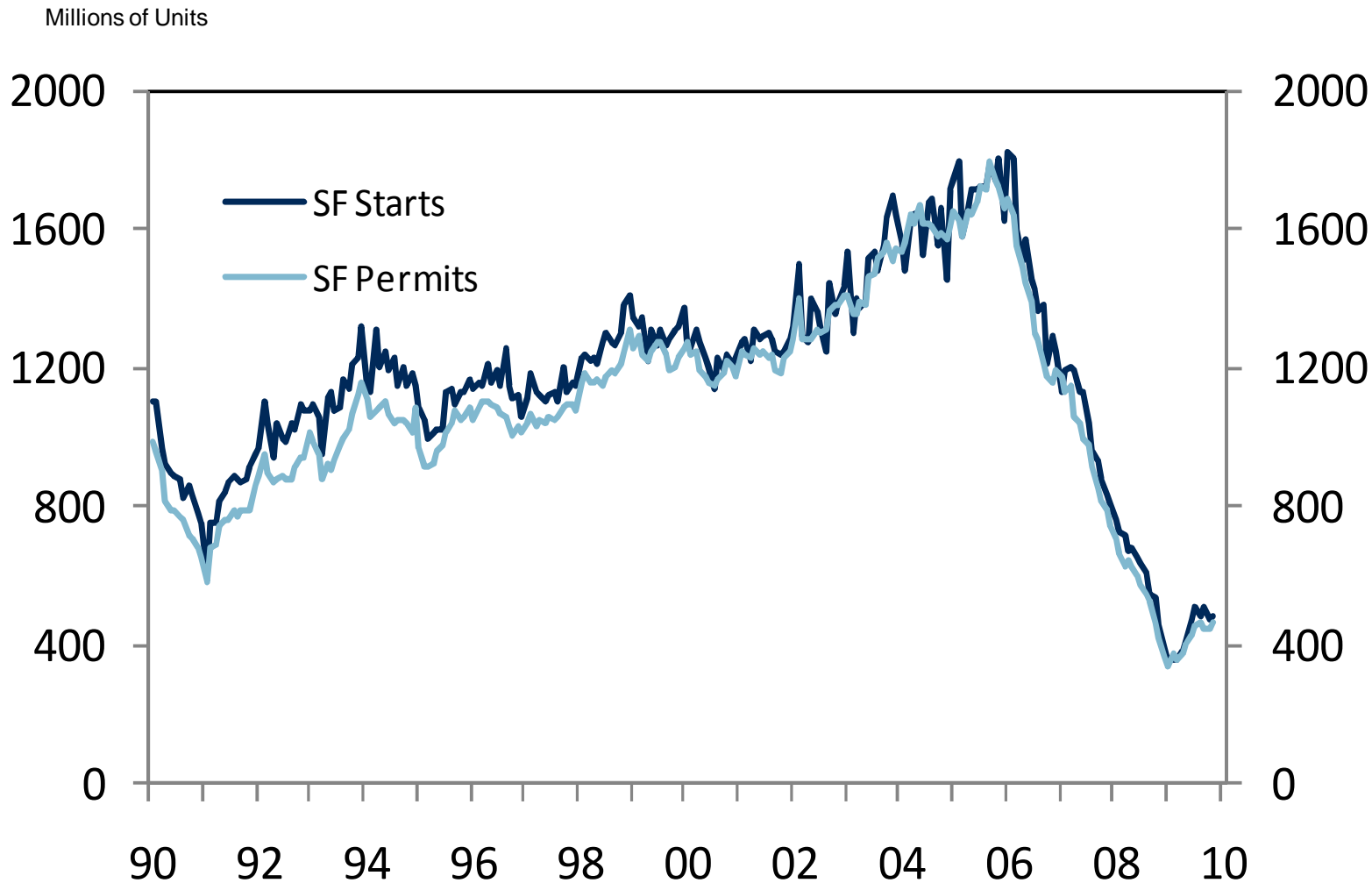


Retail Sales





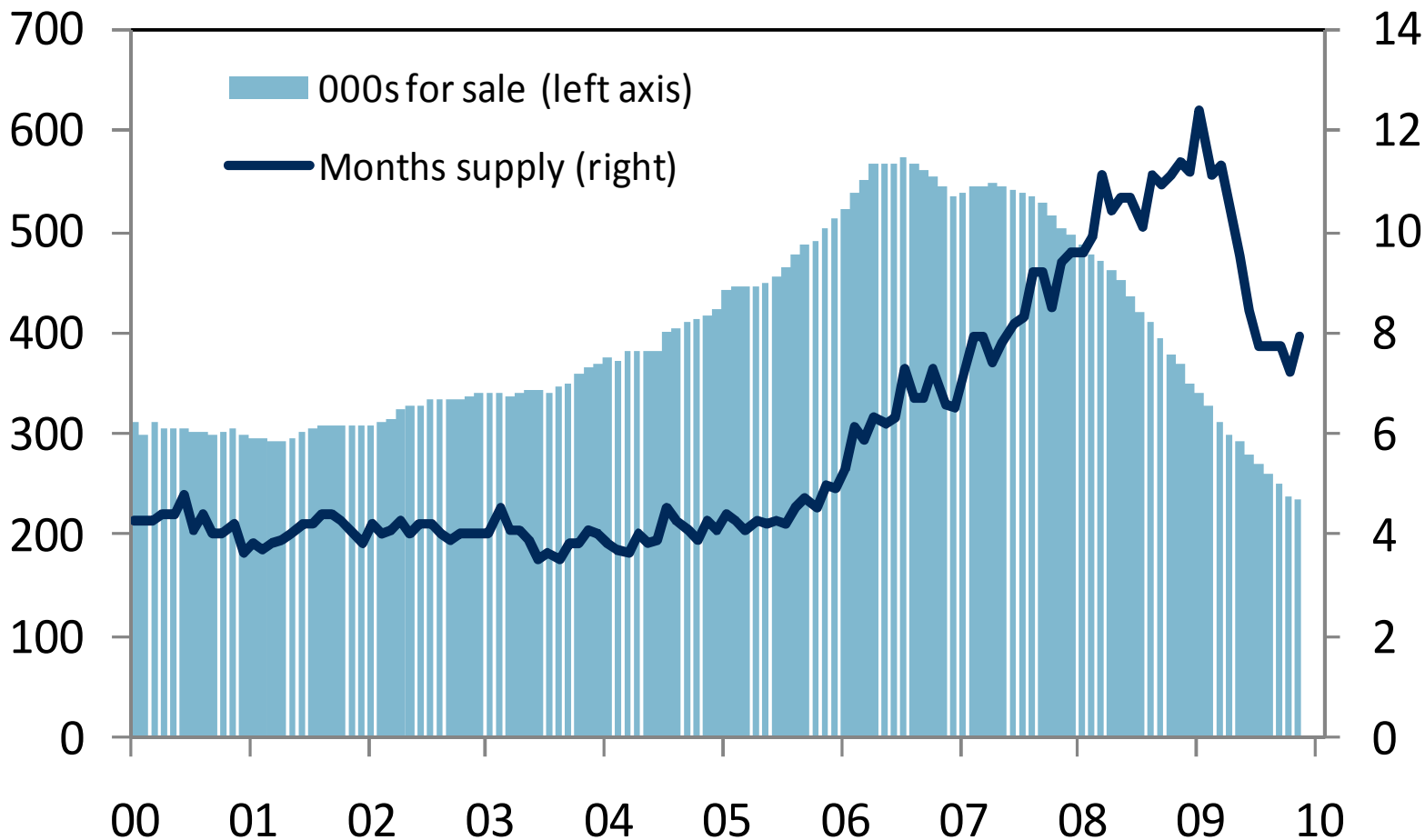
Single-Family Building Permits & Housing Starts





Single-Family New Home Supply

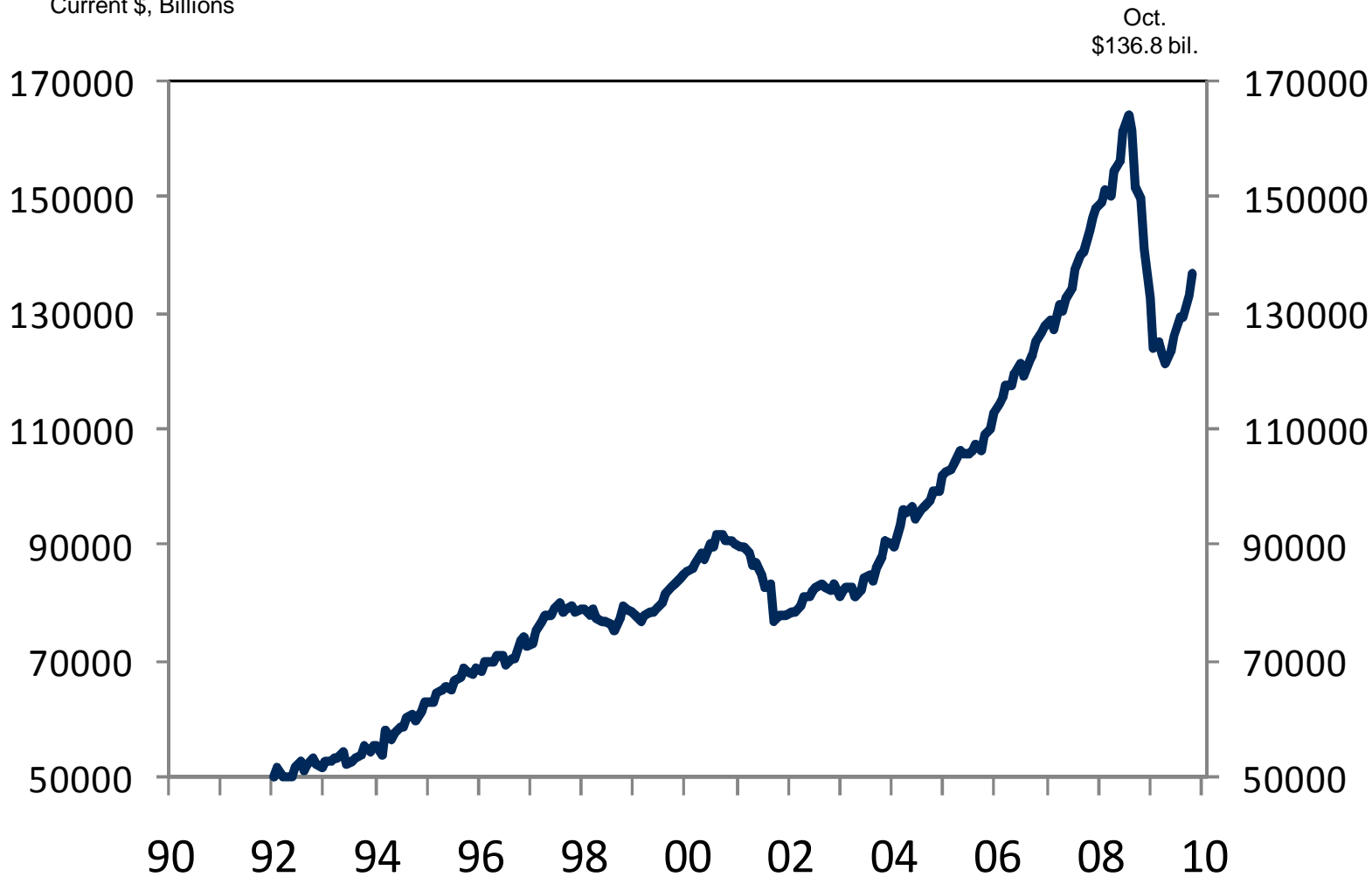
Unsold homes at month's end





Exports

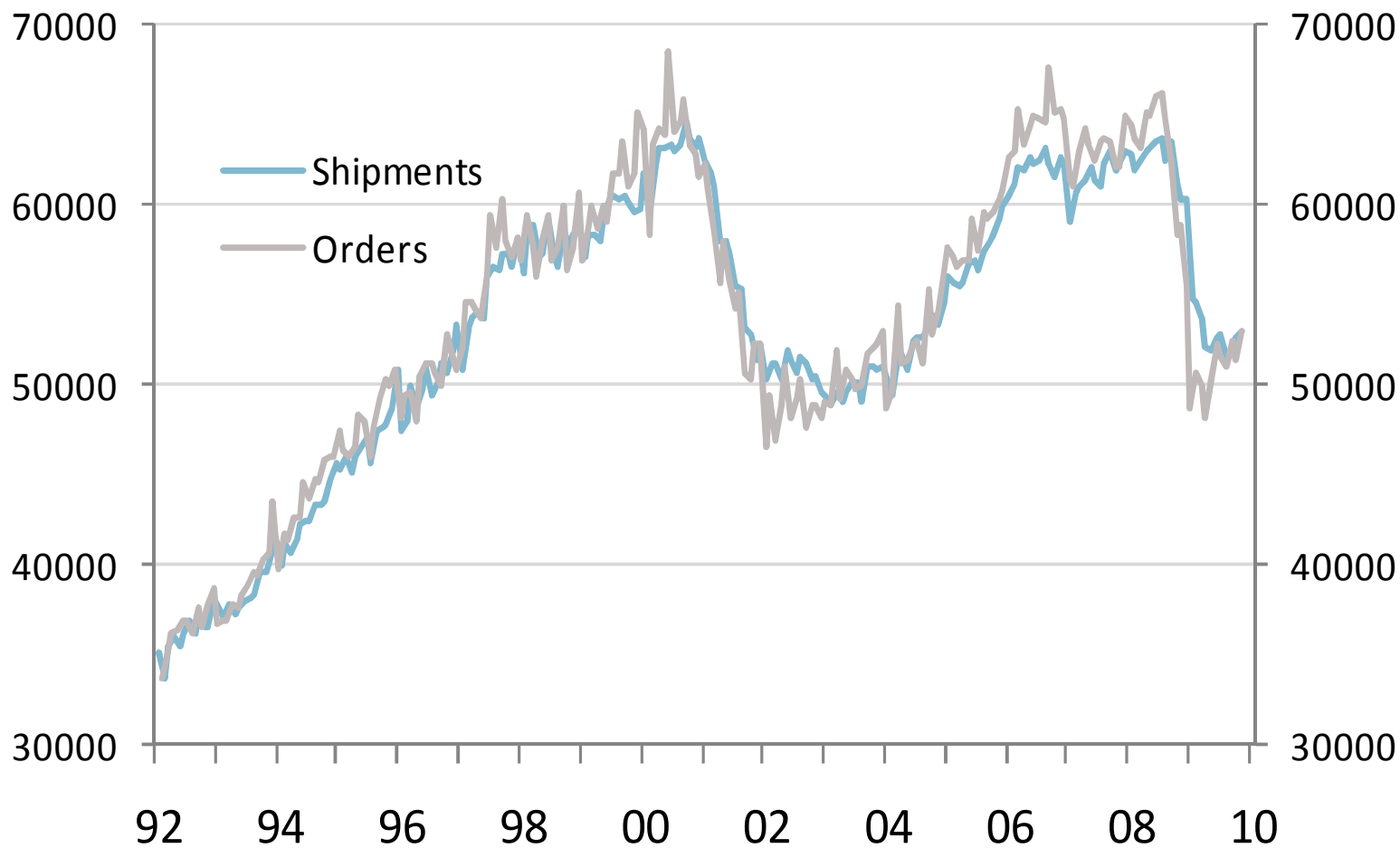
Current \$, Billions





Core Capital Goods

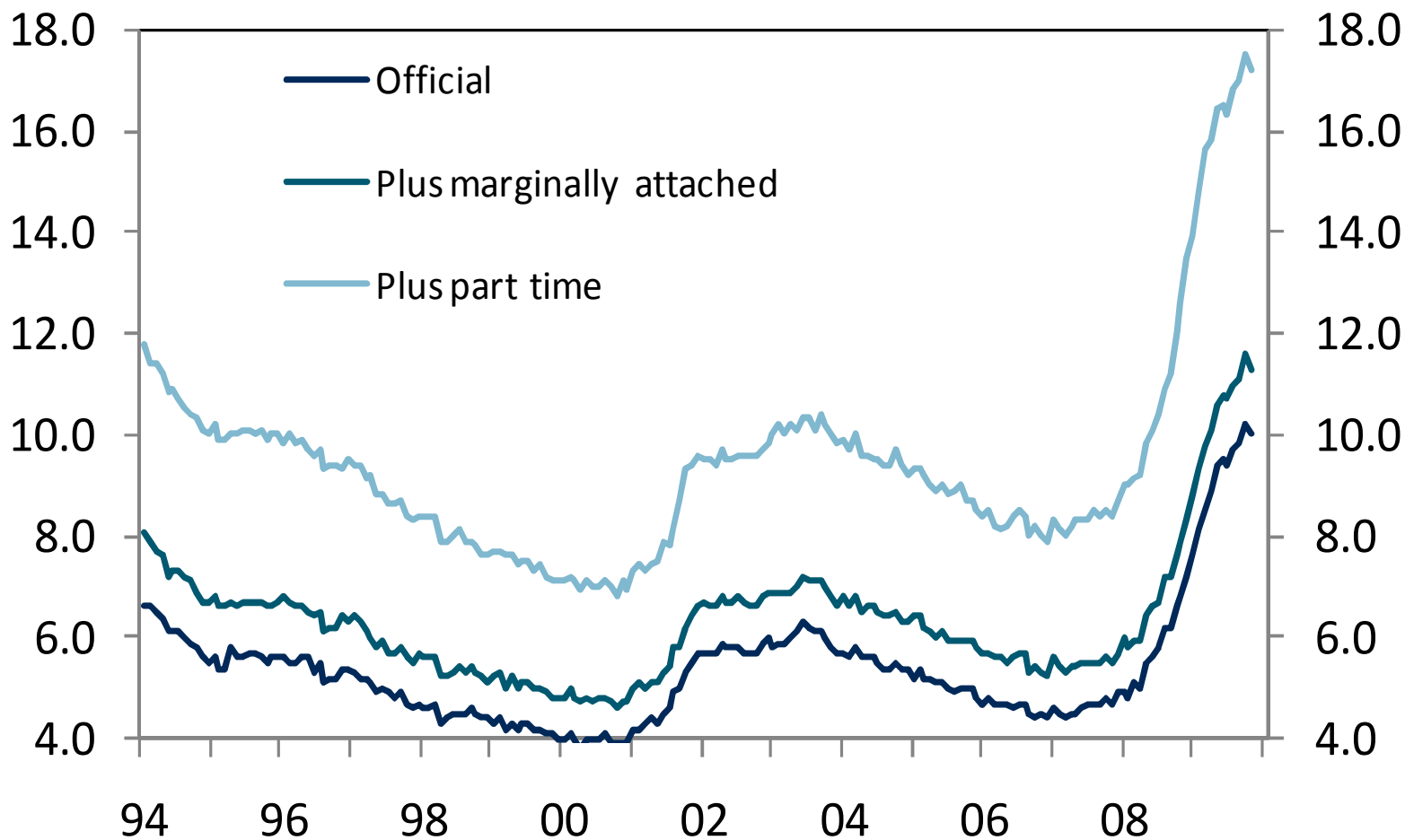
Current \$, Billions





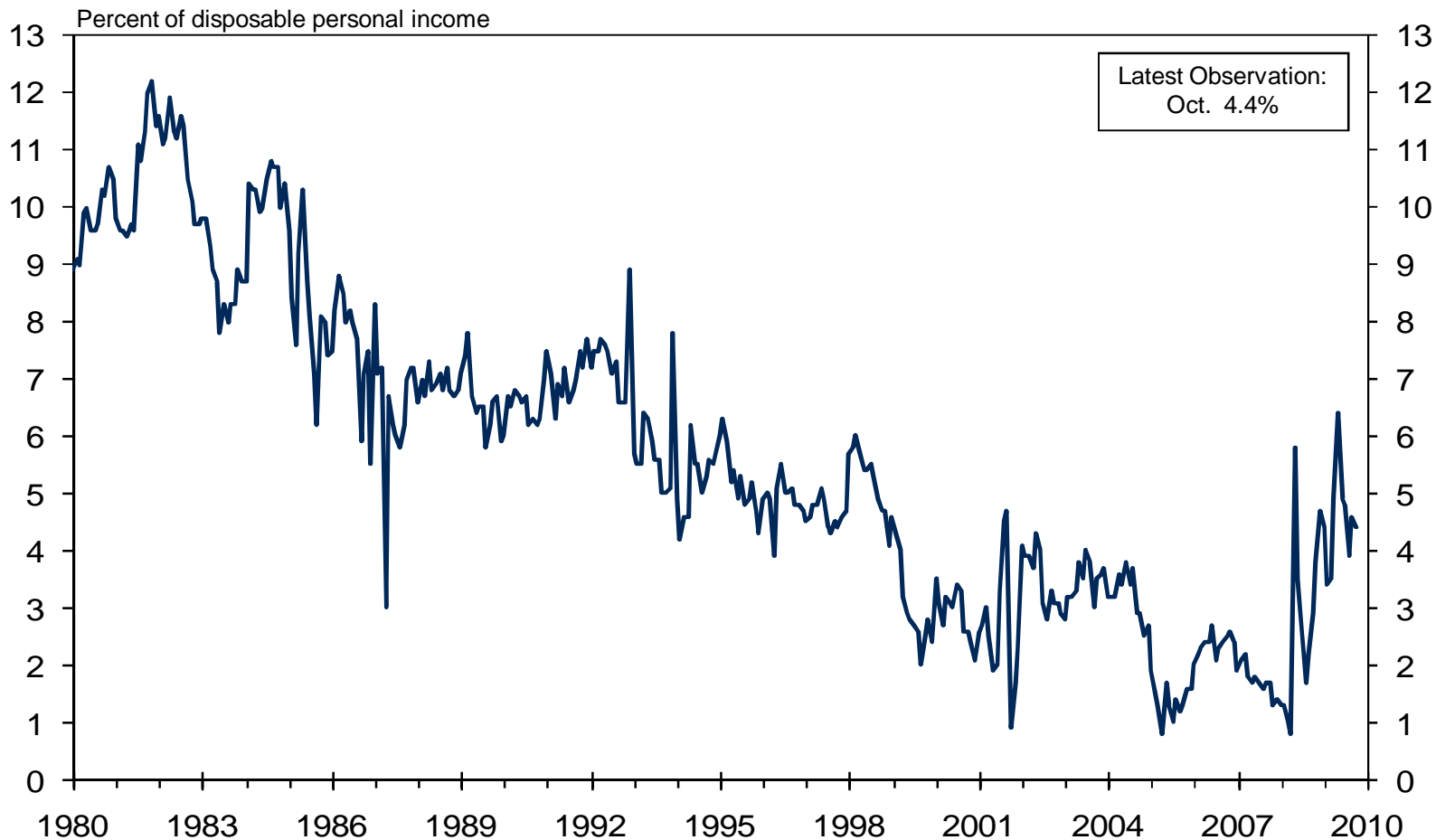
Alternative Measures of Unemployment

Percent of labor force





Personal Saving Rate



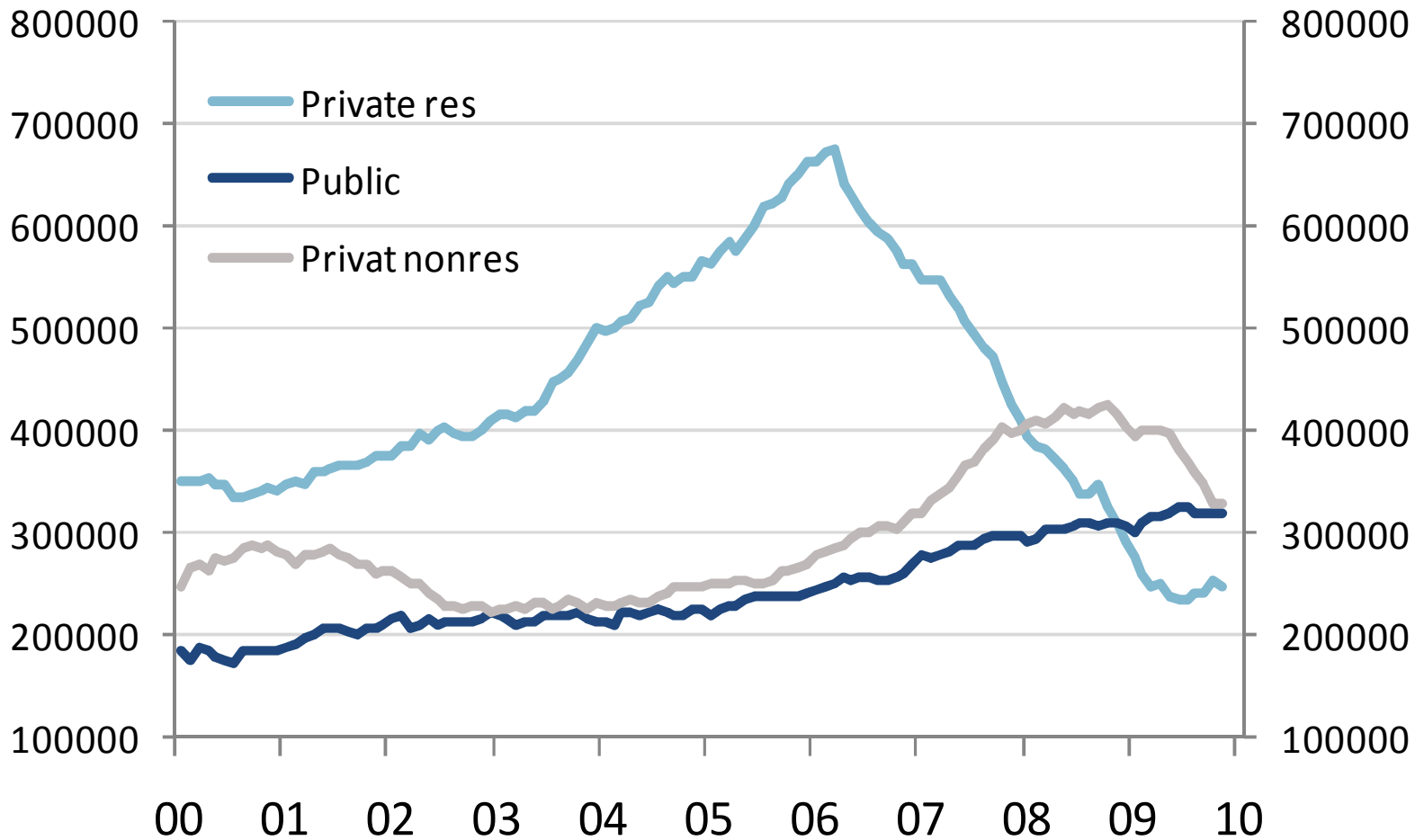
Notes: December 2004 personal saving rate excludes Microsoft dividend.





Investment - Construction

Percent of labor force



Gauges of Inflation

Expenditure Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Sep.	Oct.	YoY %
Personal Consumption Expenditures	1.4	3.2	0.2
Core (excludes Food* and Energy).....	1.4	2.3	1.4

Consumer Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Sep.	Oct.	YoY %
All Items.....	2.0	3.4	-0.2
Core (excludes Food and Energy)	2.0	2.2	1.7

Producer Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Sep.	Oct.	YoY %
Finished Goods	-6.7	3.5	-1.9
Core (excludes Food and Energy)	-0.7	-6.7	0.7
Core Intermediate Goods	11.7	-2.0	-5.6
Crude Goods	-22.9	88.4	-13.9

Spot Commodity Price Index	[Percent Change from Previous Month]:		
	Oct.	Nov.	YoY %
CRB Spot Commodity Price Index	0.0	6.1	21.9

Notes: Core PCE Price Index includes expenditures on food services.

The Local Economic Outlook

January 7, 2010

William W. Hall, Jr.

Professor of Economics

Senior Economist

H. David and Diane Swain Center for Business and Economic Services

Cameron School of Business

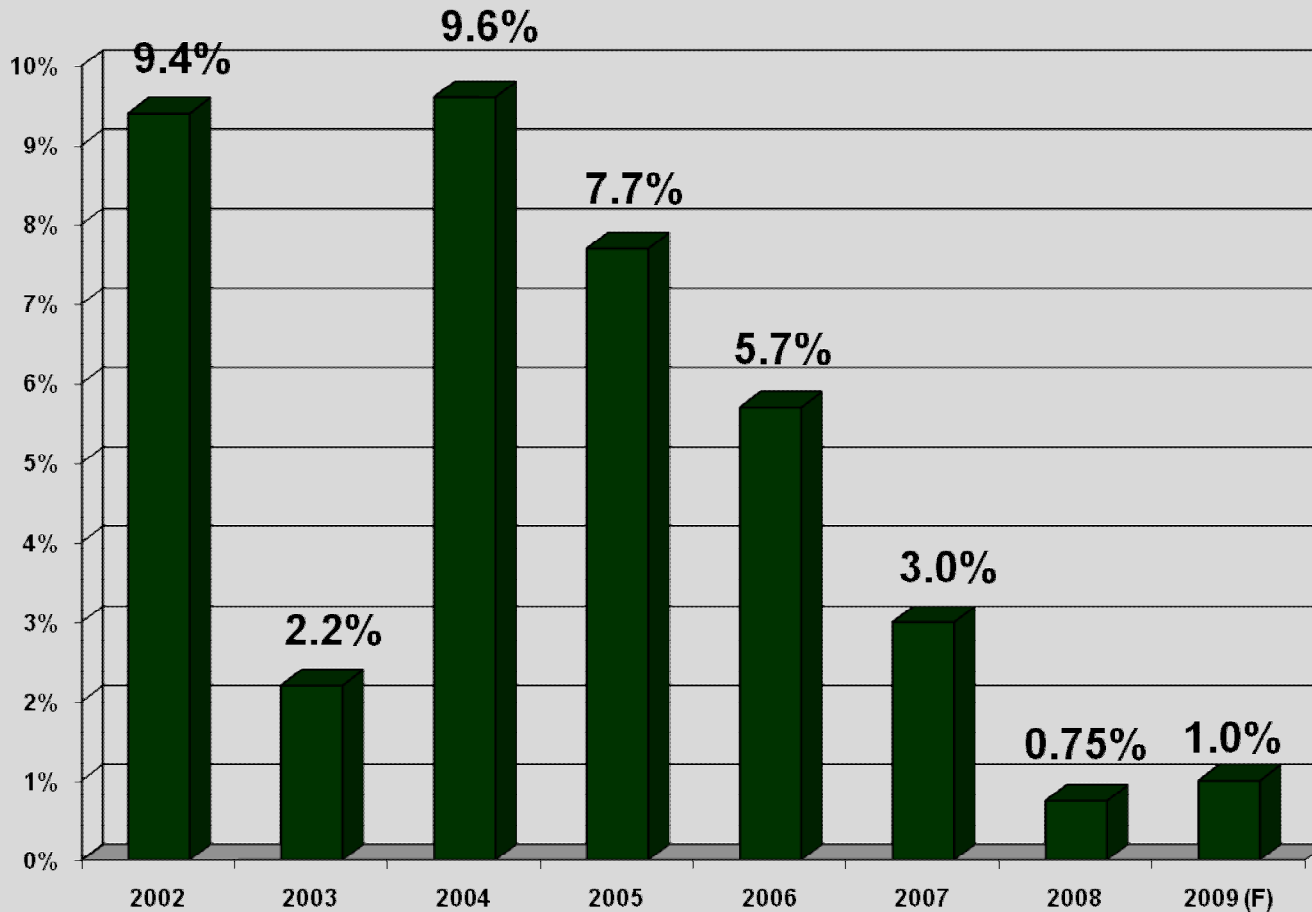
University of North Carolina Wilmington

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SENC Economic Growth

(Brunswick, New Hanover, and Pender Counties)



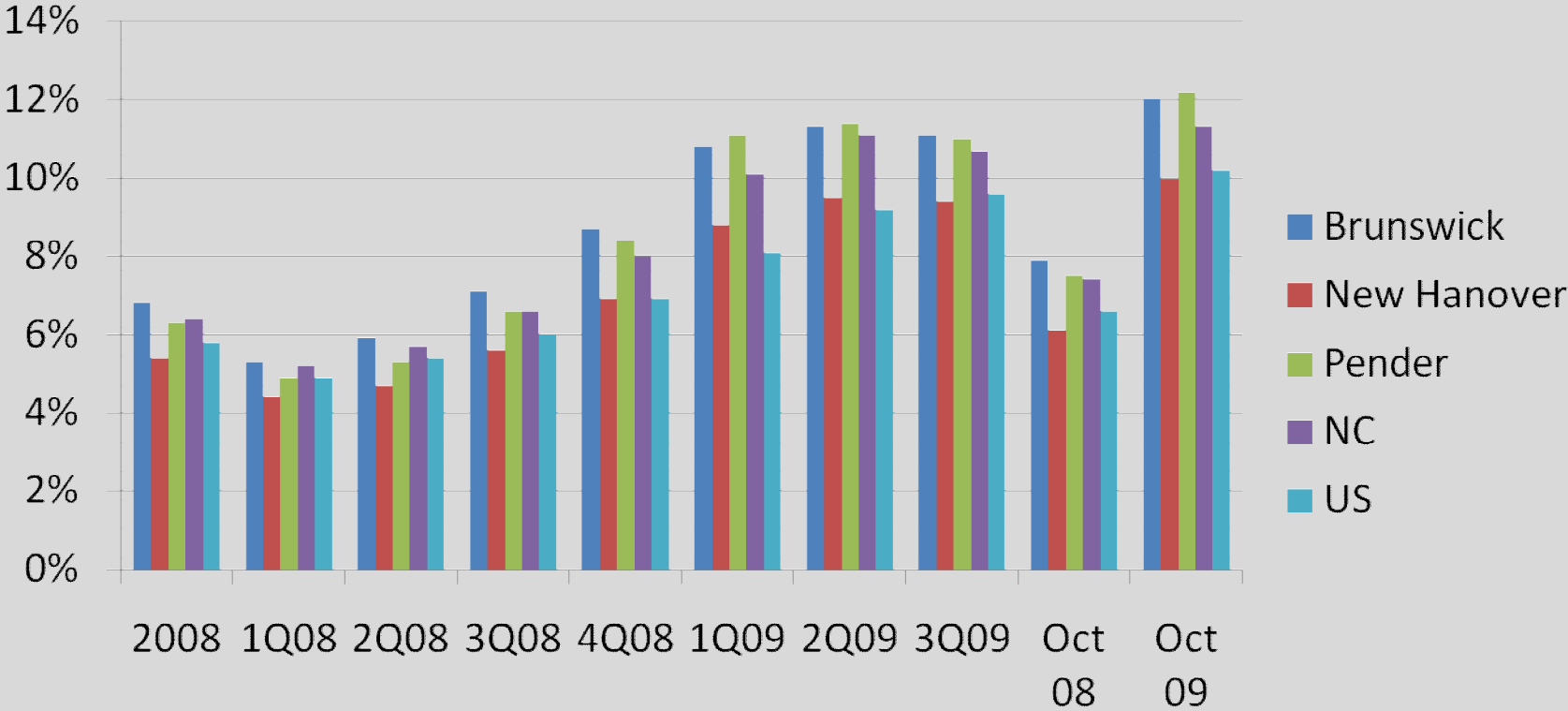
Source: Ravija Badarinathi and William W. Hall, Jr., for the Swain Center for Business and Economic Services, Cameron School of Business, UNC Wilmington.

Retail Sales Growth Rates



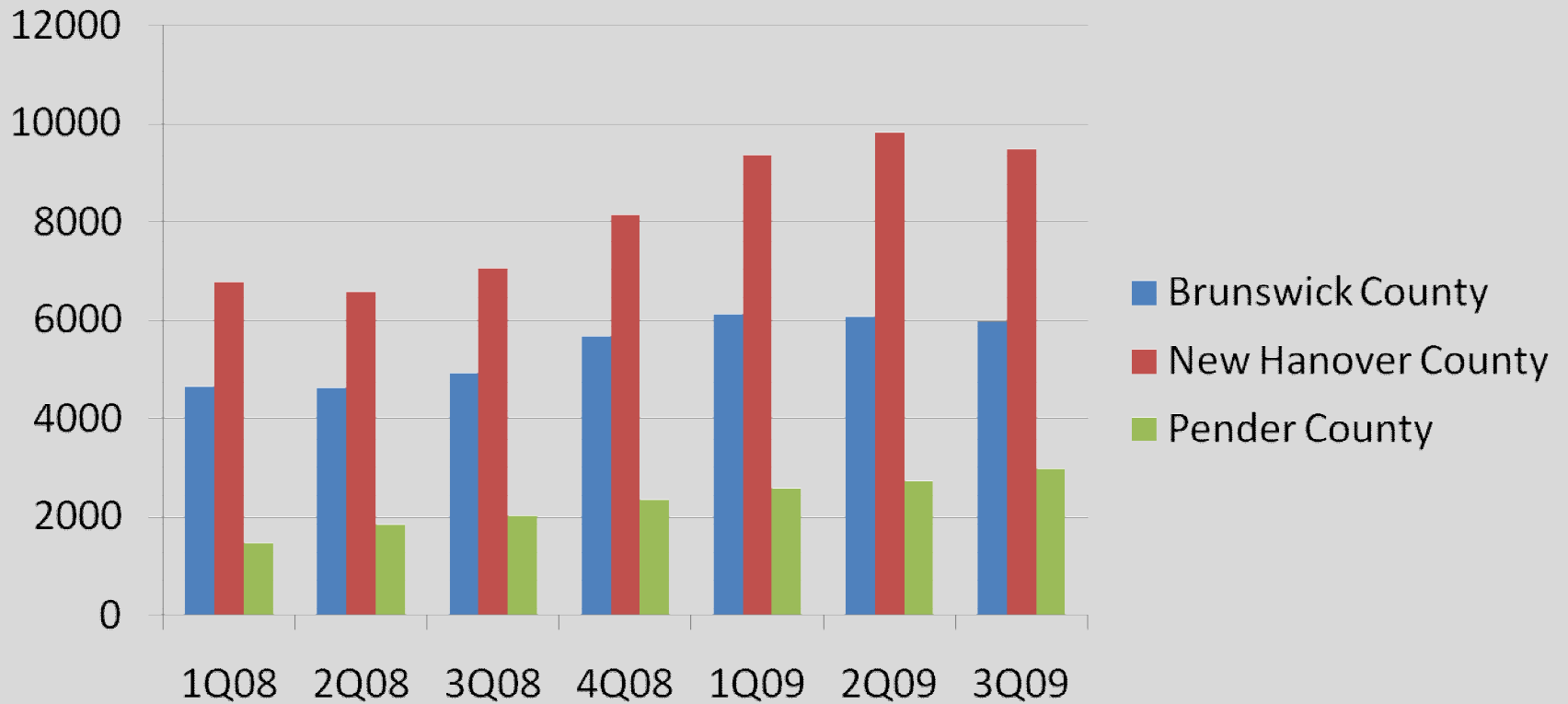
Source: NC Department of Revenue.

Unemployment Rates



Source: Employment Security Commission of NC; Bureau of Labor Statistics, US Department of Labor.

ESC Registrants



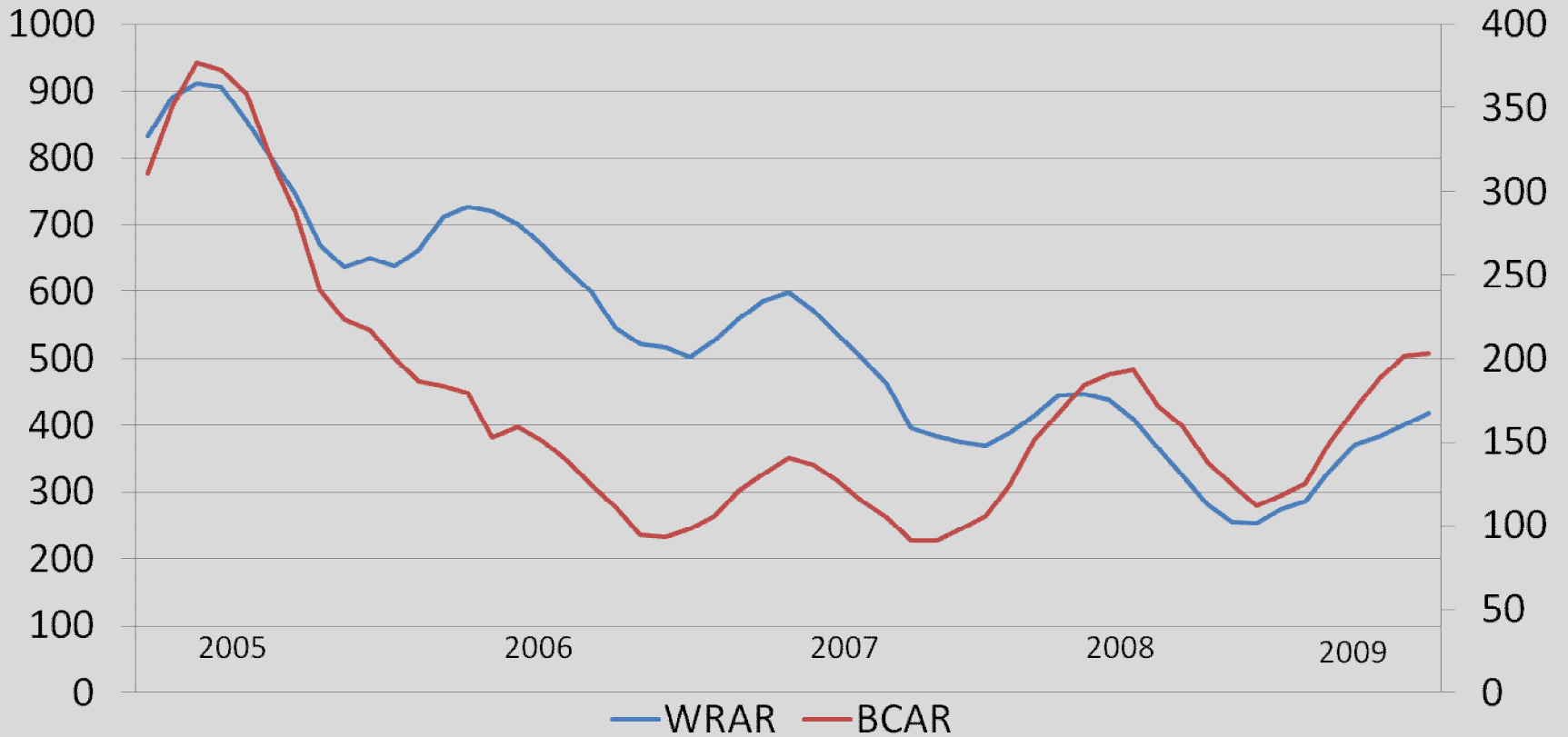
Source: Employment Security Commission of NC.

Sales of Existing Single-Family Structures

(5-Month Centered Moving Average)

WRAR

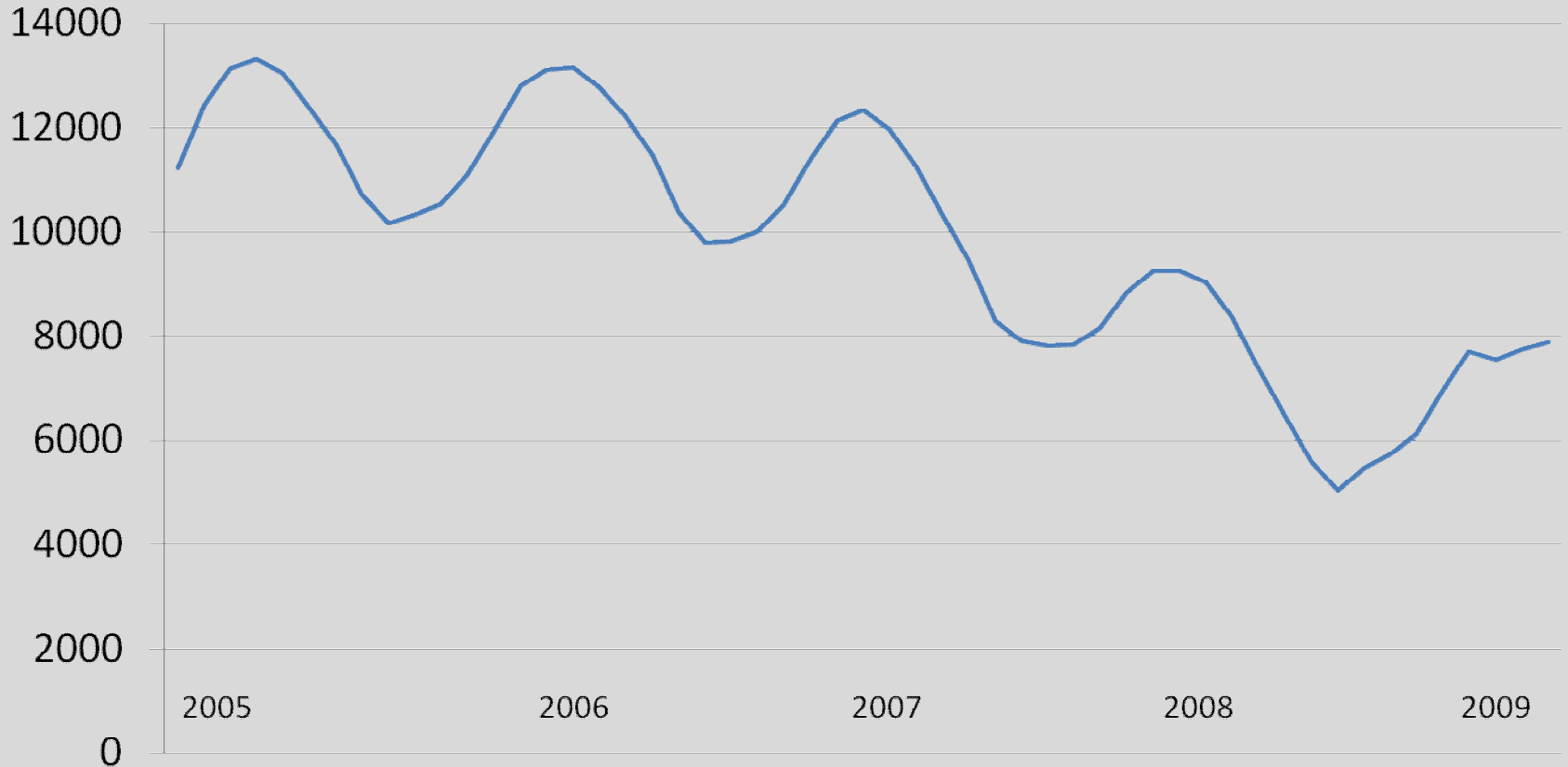
BCAR



Source: NC Association of Realtors.

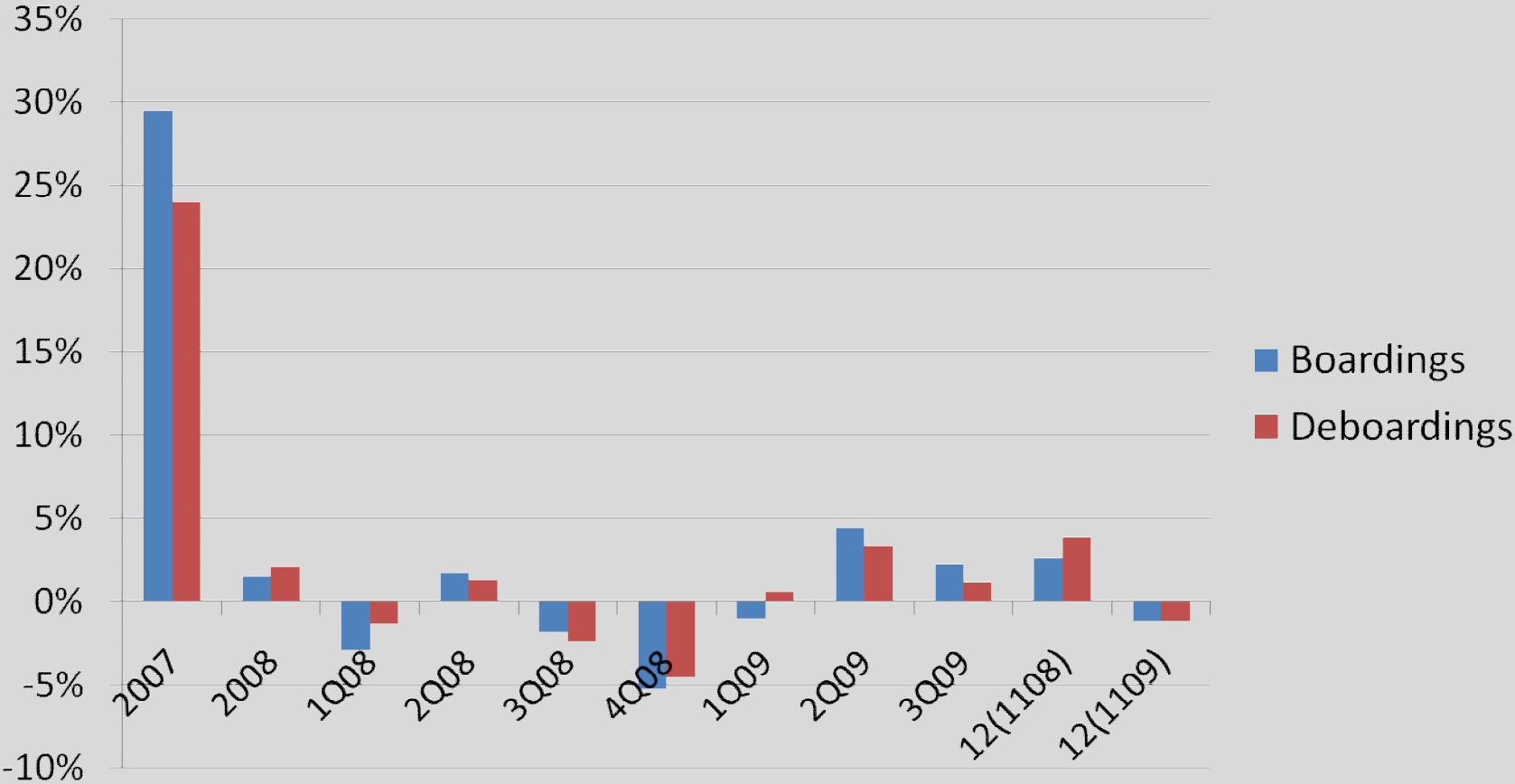
North Carolina Sales of Existing Single-Family Residential Structures

(5-Month Centered Moving Average)



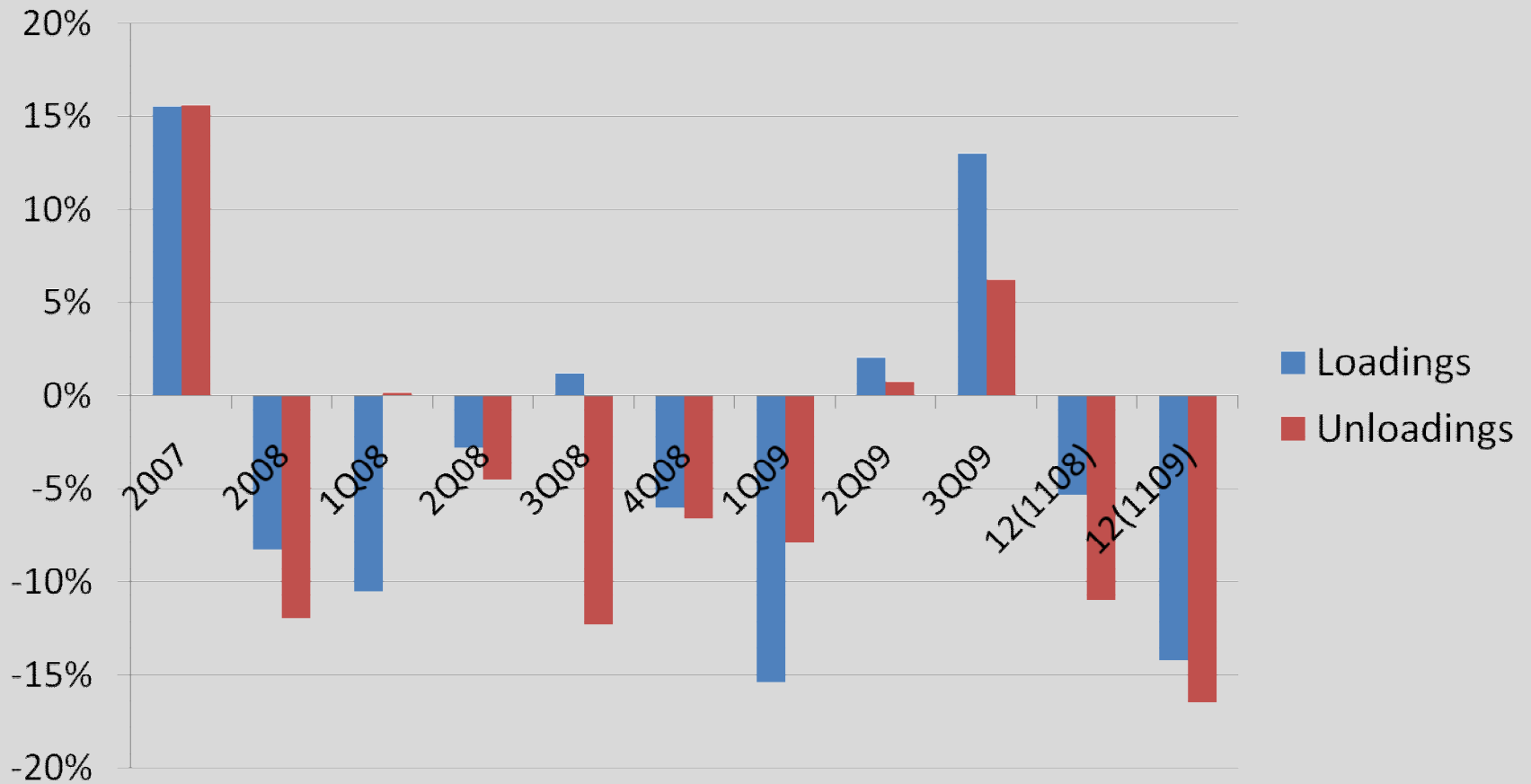
Source: NC Association of Realtors.

ILM Air Passenger Traffic Growth Rates



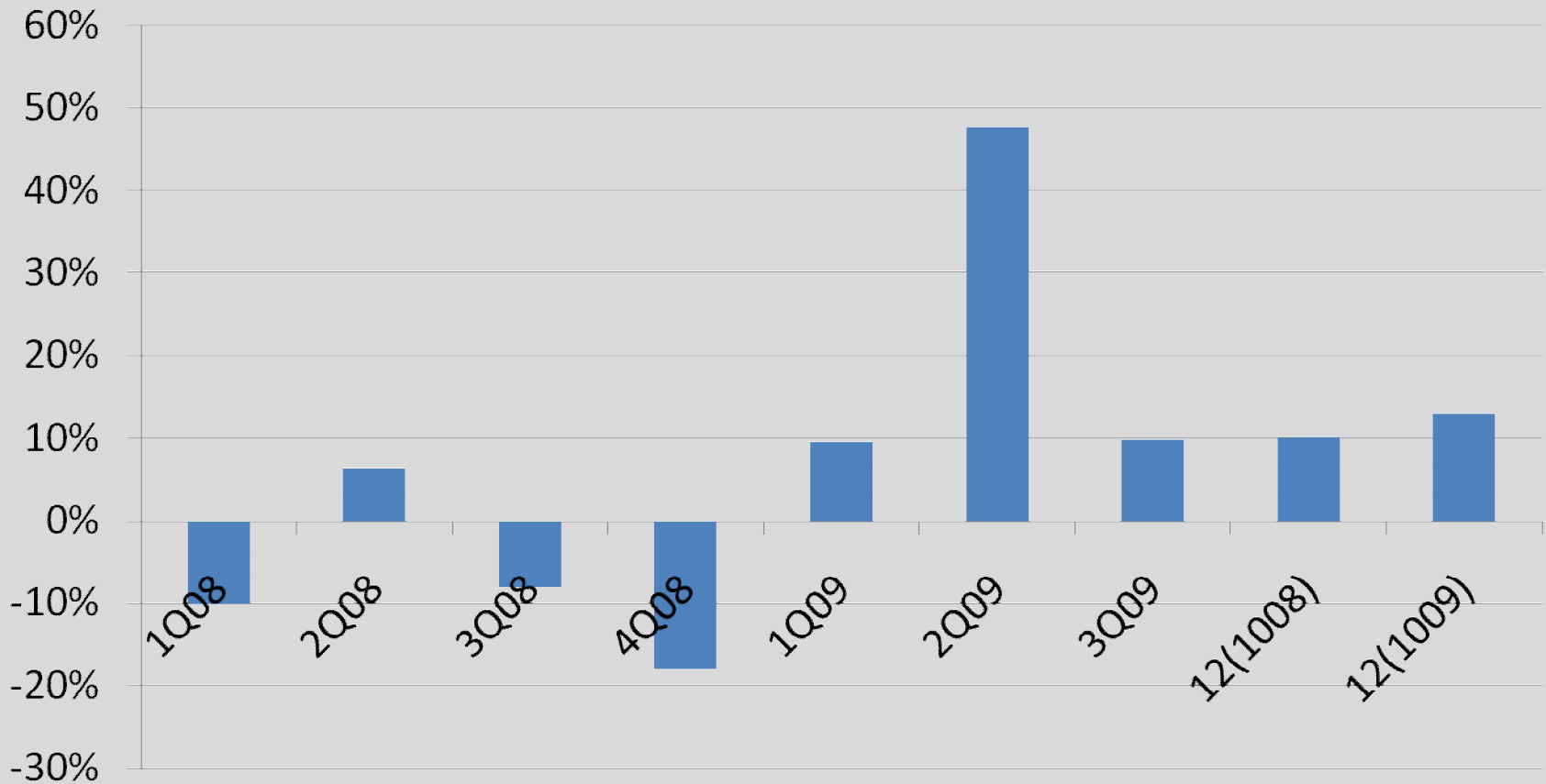
Source: Wilmington International Airport.

ILM Air Cargo Traffic Growth Rates



Source: Wilmington International Airport.

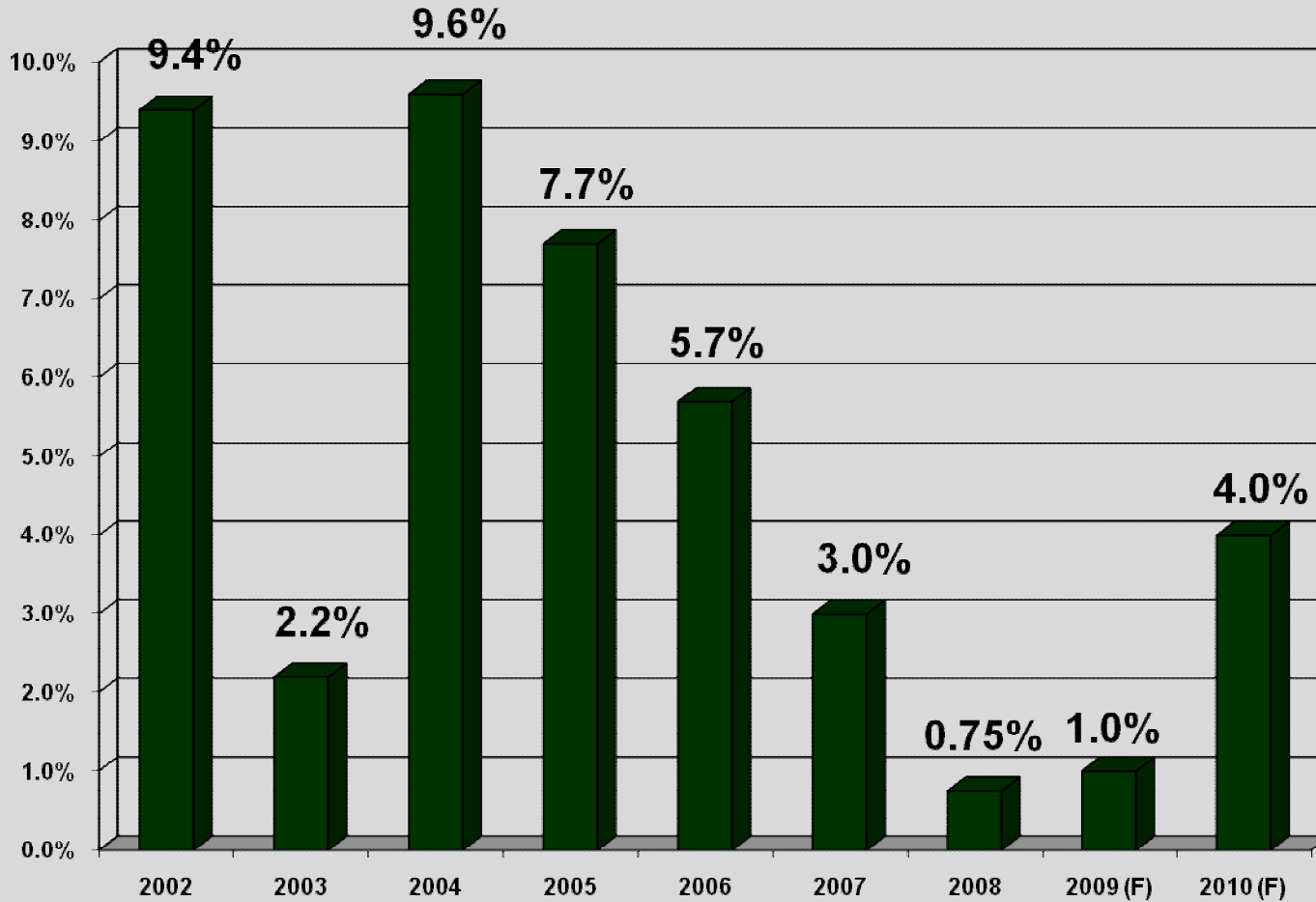
Port of Wilmington Container Tonnage Growth Rates



Source: North Carolina State Ports Authority.

SENC Economic Growth

(Brunswick, New Hanover, and Pender Counties)



Source: Ravija Badarinathi and William W. Hall, Jr., for the Swain Center for Business and Economic Services, Cameron School of Business, UNC Wilmington.

ARRA Stimulus Funds (Committed)

12-4-2009

Brunswick		New Hanover		Pender	
Area	\$	Area	\$	Area	\$
DOT Projects	33,183,388	<u>Fed Depts (Grants)</u>	22,742,058	<u>Une Ins Payments</u>	3,262,181
<u>Water</u>	8,648,000	<u>Edu Stabilization</u>	13,631,739	<u>Water</u>	3,123,596
<u>Social Security (SSI)</u>	7,096,000	<u>Une Ins Payments</u>	12,207,737	<u>Local School Dist</u>	2,707,179
<u>Fed Depts (Grants)</u>	6,454,841	<u>Local School Dist</u>	10,516,795	0% School Bonds	2,500,000
<u>Une Ins Payments</u>	6,288,985	<u>Social Security (SSI)</u>	8,945,500	<u>Social Security (SSI)</u>	2,486,750
<u>Local School Dist</u>	5,361,387	<u>Water</u>	6,919,432	<u>Public Safety</u>	2,366,186
<u>Edu Stabilization</u>	3,420,904	<u>Public Safety</u>	3,163,918	<u>Edu Stabilization</u>	2,138,820
<u>Public Safety</u>	1,085,307	Public Housing	3,056,056	<u>Fed Depts (Grants)</u>	943,000
Food Stamps	1,049,871	0% School Bonds	2,901,219	Transit	828,671
Weatherization	975,590	DOT Projects	2,000,000	Weatherization	556,624
Total	76,830,101	Total	95,713,710	Total	22,646,999

Source: <http://www.ncrecovery.gov>

Special Thanks



Barometer

- <http://www.csb.uncw.edu/cbes/News/news.htm>



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